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Developments in Indochina

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Pham Van Dong's party-government delegation continues its leisurely swing through Eastern Europe. Their host capitals are emphasizing the problems concerning the operation of the ICCS. So far this year the rainy season in North Vietnam has been unexceptional, but recent North Vietnamese press reports suggest that the government is still concerned with the ability of its dike system to withstand flooding. Economic conditions apparently still remain unsettled six months after the signing of the Paris accord. Hampering reconstruction are such factors as the massive reorientation of the transportation system because of the mining of North Vietnamese ports in 1972 and the dispersal and subsequent reassembly of plants after two bombing campaigns.

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Despite considerable snags, the South Vietnamese and the Viet Cong are going ahead with an exchange of prisoners, and by 28 July some 5,000 are scheduled to change sides.

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The Khmer Communists and the French have made arrangements to provide for the shipment of rubber from the large Chup plantation in Kompong Cham Province to Phnom Penh. The operation of the plantation and the entire rubber enterprise is one that benefits both the government and the Communists.

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Lao Communist envoys in Vientiane are carrying out a low-key proselyting effort among Buddhist and student groups, probably to tap potential sympathizers who might join front groups once a coalition government is formed.

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China has concluded its first direct economic assistance agreement with the PRG.

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NORTH VIETNAM

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Dong's Tour of Eastern Europe

Pham Van Dong's party-government delegation is now in Warsaw on the second leg of its swing through Eastern Europe. Not surprisingly, the North Vietnamese have been hearing much the same tune from their Hungarian and Polish hosts that they heard from the Soviets, although the East Europeans are probably putting more emphasis on the problems concerning the ICCS. In the communique following the visit to Budapest, for example, the Hungarians praised the "positive activities" of the "Vietnamese people" in fulfilling the Paris accords. In both Poland and Hungary, Dong and his entourage were treated to further comments on the value of peaceful coexistence and detente--a subject that had also figured prominently in the Moscow talks.

In line with the Soviets, Budapest announced that Vietnamese obligations under past Hungarian credit arrangements would be canceled. In contrast to Moscow, where the Soviets and the North Vietnamese could do no more than work out an "agreement in principle" on aid, Hanoi's delegation secured an agreement in Budapest on "free credit and military assistance" for 1974. A similar accord will probably be worked out in Warsaw.

Dong's delegation held brief meetings with both Kadar and Gierek--a gesture that went beyond the strict requirements of protocol and one apparently designed to underscore the importance Poland and Hungary attach to their role in the ICCS.

The North Vietnamese apparently will visit Romania after they leave Poland. They may go on to Sweden and Algeria after their tour of Eastern Europe.

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Dikes in the News Again

Recent North Vietnamese press reports suggest that the government is still seriously concerned over the ability of its dike system to withstand flooding during the rainy season. Last month an editorial in *Nhan Dan* stated that the dike sections repaired after the severe 1971 floods have not been fully tested and that all damage to the dikes may not have been discovered. The editorial warned that it takes several years for a repaired dike to stabilize. Other commentators have pointed out that dike construction is behind schedule this year; that sloppy construction and the use of improper materials is frequent; and that systematic inspection, repair, and management of dikes is loosely organized. One of the prime factors in these shortcomings is lack of motivation. For the first time in almost a decade, there is no war to justify drafting the sort of labor needed for major dike projects.

Flooding is a threat in North Vietnam between June and September. A system of dikes in the flat Red River Delta provides the only flood protection for this densely populated area. Centuries of silting and dike construction have in many cases raised the riverbeds above the surrounding land. In the damaging floods of 1971, several major breaches occurred in the primary dikes along the Red River, flooding hundreds of thousands of hectares of rice-land and destroying 35-45 percent of the important autumn rice crop.

Early in 1972 the press reported there was considerable apprehension that repairs to dikes damaged in the 1971 floods might not be able to prevent flooding should there be heavy rains. By mid-year, however, the regime was attempting, in advance, to put the blame for any flooding on "deliberate" US bombing. This was undoubtedly a convenient propaganda ploy to shift the blame away from what probably had

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been an imperfect repair effort; but, in any event, the 1972 rainy season was mild, and no significant flooding occurred.

So far the rainy season this year has been un-exceptional. The one tropical cyclone thus far caused little damage. Indeed, it brought much-needed rain to the southern delta area, where drought conditions had threatened the rice crop. [REDACTED]

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Economic Reconstruction Going Slowly [REDACTED]

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Economic conditions are still unsettled six months after the signing of the Paris accord. A number of recent articles in the North Vietnamese press recapping developments for the first half of 1973--one was a comprehensive discussion by the State Planning Commission--present a catalog of obstacles to economic recovery.

The fundamental problems seem to be transportation and communications, where shortcomings affect a wide range of economic activity. The press admits that distribution difficulties have made it necessary to ration construction materials and production supplies, with priority accorded to key projects and installations. Small industrial enterprises in the Hanoi area have been admonished for relying on normal channels to supply their needs for material and, therefore, failing to meet the goals of the six-month plan. The machinery sector is also criticized for its failure to produce adequate spare parts for the diverse types of foreign transport equipment in the North Vietnamese inventory. Other difficulties apparently include shortages of electric power, coal, warehousing, and steel, cement, and timber.

Several obstacles to North Vietnam's economic recovery will be more difficult to overcome at this time than in the post-1968 reconstruction period.

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SOUTH VIETNAM

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The Prisoner Exchanges--On
Again, Off Again

After several weeks of negotiations South Vietnam and the Viet Cong have agreed to exchange their remaining officially listed civilian and military prisoners. By 28 July some 5,000 prisoners are scheduled to change sides--4,300 from the government and 662 from the Communists.

The agreement does not cover individuals detained after the cease-fire of 28 January and almost certainly does not include all the prisoners captured before the cease-fire. For several reasons, each side has come to interpret the term "prisoner" in such a way that it is unlikely the exchange program will ever be concluded to the satisfaction of both parties. Most of the prisoners currently being returned to the Communists are civilians. Saigon has arrested on charges of working for the Viet Cong, whereas the Communists are releasing mostly military detainees.

The government had announced prior to 20 July that it would release a number of prominent people who had been charged with crimes against the state. Former South Vietnamese legislator Tran Ngoc Chau, student leader Huynh Tan Mam, and Madame Ngo Ba Thanh, nominal head of South Vietnam's leftist intellectuals, were among those mentioned. Madame Thanh's status is now somewhat in doubt as a later list did not include her name, but the others are expected to be released to the Communists. Viet Cong spokesmen in Saigon have said that these people will be allowed to choose whether to stay with the Communists or to go wherever they wish.

On 23 July, the exchanges hit one of their predictable snags; Saigon officials charged that

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the Viet Cong had brought in soldiers dressed as civilians to harass and intimidate anyone who appeared unwilling to go over to the Communist side. The incident, which occurred at the Communists' Loc Ninh headquarters north of Saigon, reportedly involved about 40 prisoners out of an initial group of 200. Processing has stopped while South Vietnamese and Viet Cong negotiators meet in Saigon to try to iron out their differences.

Other factors that may affect the prisoner exchange are: not all the release sites chosen by the Communists have been approved by the government; ICCS inspection teams have not indicated their willingness to travel to all Communist designated sites because of past helicopter losses to Viet Cong ground fire; Canada has discontinued all field operations pending withdrawal from the ICCS on 31 July, and there is a question whether a three-member ICCS can certify the releases.

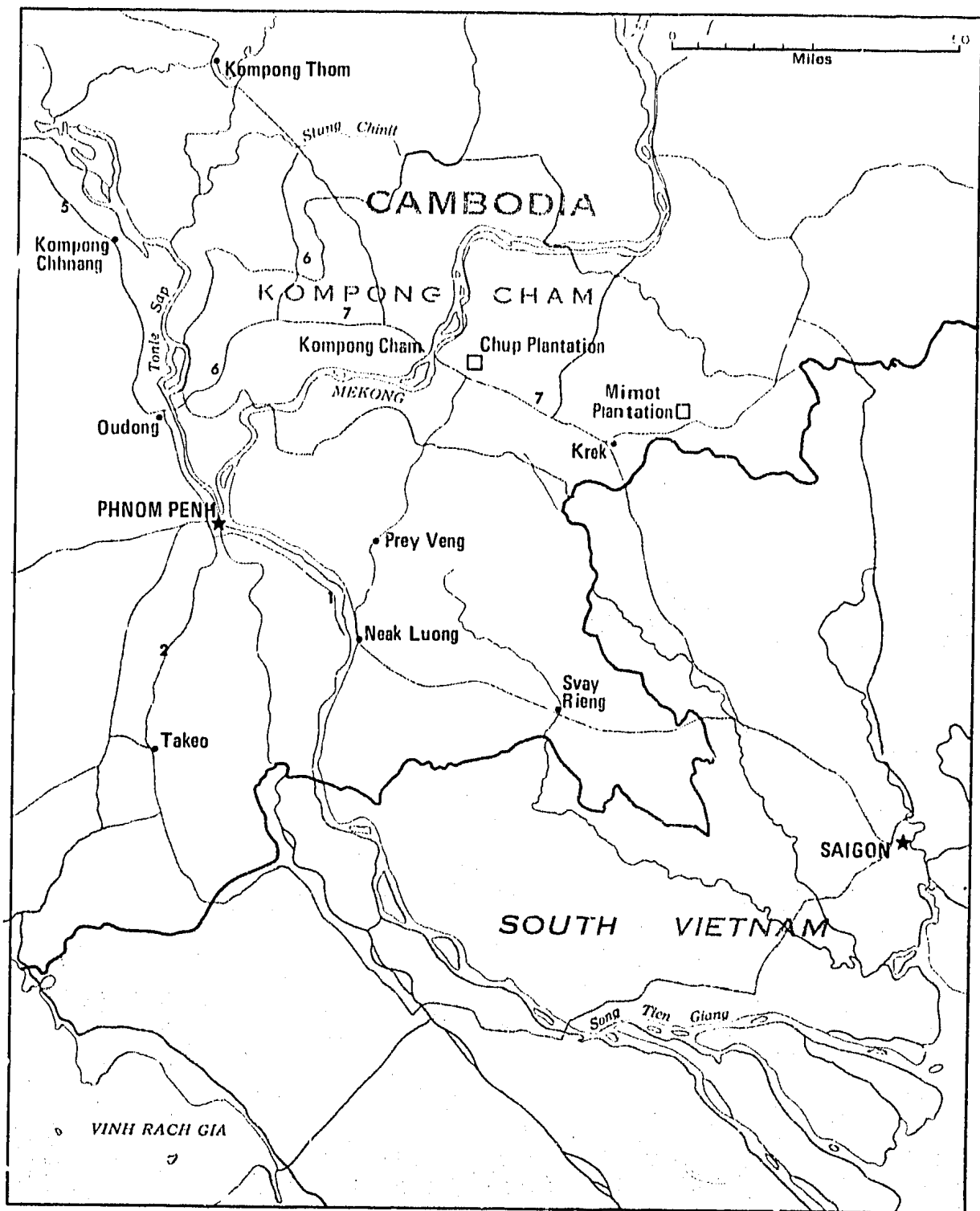
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Rubber Industry Bouncing Back

Increasing amounts of rubber recently have been shipped from Communist-occupied territory in east-central Cambodia to Phnom Penh. According to the US Embassy, the French-owned Compagnie du Cambodge has made arrangements with the Khmer Communists to move rubber from its large plantation at Chup in Kompong Cham Province down the Mekong River to the capital. The rubber previously had been shipped by road to Phnom Penh, but the Communists cut Route 6 in mid-June and closed that route. In the future, rubber is also expected to be shipped from the Mimot plantation in eastern Kompong Cham; Route 7 between Mimot and Kompong Cham City reportedly has been re-opened by the Communists. Initially, the rubber shipped to Phnom Penh will be shared by the handful of producers with processing plants in the capital. The deal with the Communists reportedly precludes transportation of rice and fuel on the return trip.

Before 1970, Cambodian rubber production amounted to approximately 50,000 tons annually. Rubber exports were second to rice as a source of foreign exchange. Rubber production virtually ceased in mid-1970, when the plantations came under Communist control. The resumption of production, first noted in late 1971, almost certainly indicated that some agreement had been made between the French plantation owners and the Khmer Communists--and probably the Vietnamese Communists as well.

At present, production is still only a fraction of the pre-1970 level and probably amounts to some 10,000 tons annually. It is enough to have profited producers to set up several processing facilities in Phnom Penh to replace those destroyed or damaged at the plantations.

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The operation of the plantations benefits both the government and the Communists. The French producers pay for the right to produce and ship rubber from the plantations when the rubber is delivered to Kompong Cham City. This provides the Communists with rielis to finance their local needs and stimulates commercial trade in Kompong Cham markets. It also allows continued employment in the plantation areas, which relieves the Communists from the task of supporting the local populace. The plantations are kept operating in order to facilitate future resumption of full-scale production. For its part, the government earns much-needed foreign exchange from rubber exports. Finally, the plantation owners may serve as useful intermediaries between the Communists and Phnom Penh.

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Lao Communist Proselyting:
Signs of Things to Come

Lao Communist envoys in Vientiane over the past several months have been quietly trying to gain supporters. Chief negotiator Phoumi Vongvichit, Maha Kou Souvannamethi (a leader in the Lao Communist religious front), and others have visited Buddhist temples to distribute propaganda publications and to explain the Communist line on negotiations. The monks have politely received their visitors, and a few have reportedly agreed to hold meetings to promote the Pathet Lao positions.

Several members of the Communist negotiation teams have distributed literature and held meetings with student leaders at the Institute for Law and Administration in Vientiane. This campaign ended in May, apparently because of poor response. Although some students agreed with the Lao Communist goals of ending corruption and establishing a more responsive government, all the students were afraid of retaliation from the present government if they showed any active interest in the Communist plans.

The attention paid to the monks and students is somewhat surprising since neither group has played a significant role in Lao politics. The monks are for the most part uninvolved in politics, and the few students in Laos are much too vulnerable to government pressure to risk dabbling in politics. The Communists certainly are aware of these limitations, and their visits to the temples and schools may be designed merely to identify potential sympathizers who would be willing to join front groups should a coalition government be formed.

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INTERNATIONAL

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Chinese Give Direct Aid to the PRG

The New China News Agency announced on 19 July that it had concluded its first direct economic assistance agreement with the Provisional Revolutionary Government of South Vietnam. The agreement, which was described as providing "emergency supplementary free economic aid," was signed in Peking by Chinese trade officials and a visiting group of "economic specialists." No details were published. In providing direct aid to the South Vietnamese Communists, Peking has apparently altered its practice of channeling such assistance through Hanoi. The agreement is consistent with Peking's position that the Vietnam war has formally ended and the work of reconstruction has begun. The agreement also contributes to China's efforts to improve the international image of the PRG.

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